INDUSTRY CONSUMPTION REVIEW

JUNE 2019

Analysis • Knowledge • Information

पेट्रोलियम योजना एवं विश्लेषण प्रकोष्ठ

पेट्रोलियम एवं प्राकृतिक गैस मंत्रालय

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HIGHLIGHTS OF THE REPORT

1. Petroleum products consumption during June 2019 recorded a drop of -1.7% over the historical volume of June 2018. Consumption for the period April-June 2019 saw a drop of -0.2% as compared to the same period last year. Except for SKO (-17.2%), LPG (-7.1%), Naphtha (-0.7), Lubes & Grease (-18.0%), FO/LSHS (-8.9%), Bitumen (-11.1%), ATF (-0.4) and Pet Coke (-21.7%) all other products registered growth during June 2019.

2. Preference for petrol driven vehicles due to narrow price difference between petrol and diesel has led to high growth in MS sales, which for twenty-two months in a row recorded a positive growth and registered a 10.8% increase during June 2019 as compared to June 2018. The consumption of MS for the period April-June 2019 registered a growth of 10.0% as compared to the same period last year.

3. HSD consumption recorded a growth of 1.4% during June 2019 as compared to June 2018. HSD consumption for the period April-June 2019 registered a growth of 2.1% over the same period last year. The power deficit position has remained constant at -0.4% in both June 2018 and June 2019. Commercial vehicles sale has shown a drop of -12.3% in the month of June 2019. Rainfall during the month was 33% below normal distribution, which may have led to increased usage of diesel for agricultural purpose. There was a drop of -0.5% in port traffic during June 2019 as compared to June 2018.

4. Total LPG consumption recorded a drop of -7.1% in June 2019 as compared to 2.6% growth in June 2018. Total LPG consumption for the period April-June 2019 has registered a drop of -1.5% as compared to the same period last year. All regions had drop in total LPG consumption during June 2019.

5. ATF consumption registered a drop of -0.4% in the month of June 2019, while cumulative consumption of ATF for the period April-June 2019 registered a drop of -2.5%. Grounding of Boeing 737 Max planes, cancellation of flights by Jet Airways and sharp rise of fares due to drop in capacity have affected growth in passenger traffic during the month.

6. Bitumen consumption during June 2019 recorded a drop of -11.1% as compared to June 2018. Bitumen consumption for the period April-June 2019 also registered a drop of -6.1% as compared to the same period last year. Both tendering and construction work had slowed down in June 2019 in anticipation of the budget on 5th July 2019, impacting bitumen consumption.

7. SKO consumption registered a drop of -17.2% in June 2019 as compared to June 2018. Consumption for the period April-June 2019 registered a drop of -13.4% compared to the same period last year. This was mainly because of reduced allocation to the states and voluntary surrender of allocation by some of the states.

This report analyses the trend of consumption of petroleum products in the country during the month of June 2019. Data on product-wise monthly consumption of petroleum products for June 2019 is uploaded on the PPAC website (www.ppac.gov.in) and on the mobile app "PPACE (PPAC-Easy)" that draws on the full range of information available on the PPAC website and is available on the play-stores of Android and Apple iOS.

1.0 CONSUMPTION:

The growth (%) in consumption of petroleum products, category-wise, for the month of June 2019 is given in Table-1.

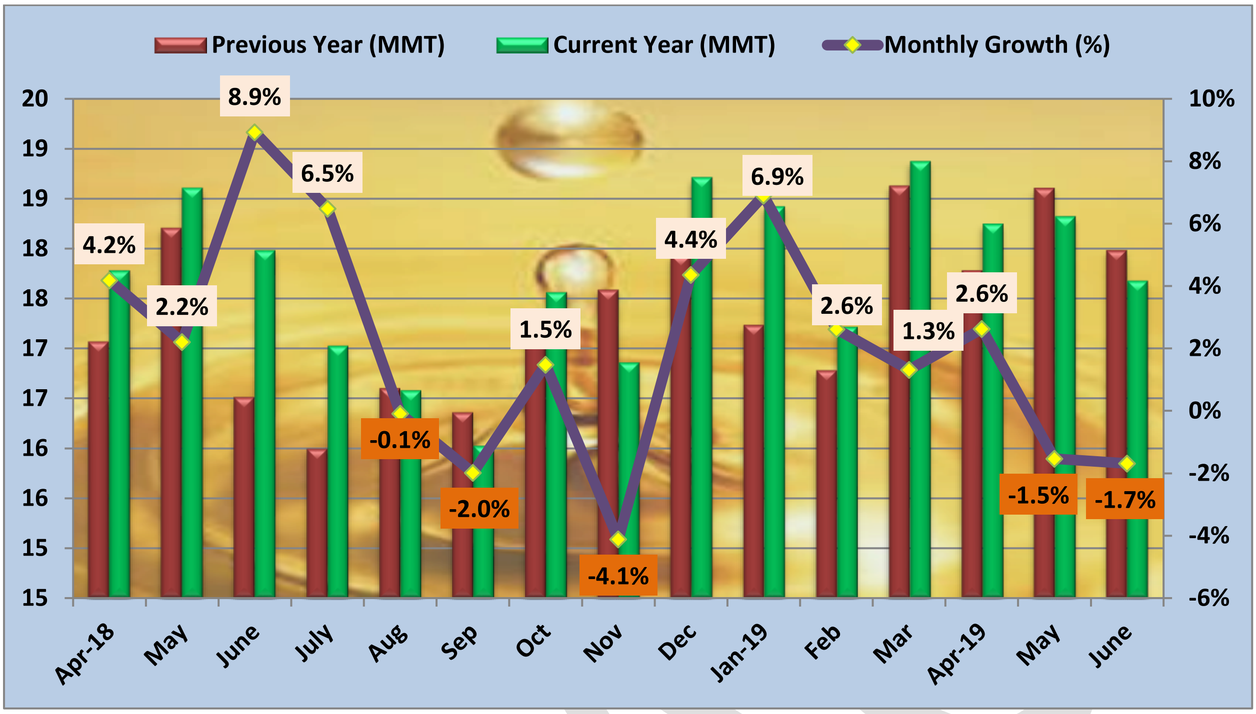
Table-1: Petroleum Products Consumption (Quantity in TMT)

Product Type	Share (%)	June-18	June-19	Growth (%)	Products included
Sensitive Products	11.6	2245	2054	-8.5	SKO & LPG
Major Decontrolled Products	74.3	12960	13141	1.4	HSD, MS, Naphtha, Lubes, LDO, FO/LSHS, Bitumen & ATF
Minor Decontrolled Products	14.0	2776	2483	-10.6	Petcoke & other minor products
Total	**100**	**17981**	**17678**	**-1.7**	

All Products: India's petroleum products consumption in the month of June 2019 registered a drop of -1.7%. Consumption of petroleum products during June 2019 was 17.6 TMT as against 17.9 TMT in June last year. Except for SKO (-17.2%), LPG (-7.1%), Naphtha (-0.7), Lubes & Grease (-18.0%), FO/LSHS (-8.9%), Bitumen (-11.1%), ATF (-0.4) and Pet Coke (-21.7%) all other products registered growth during June 2019. Total cumulative consumption for the period April-June 2019 has shown a drop of -0.2% compared to the same period last year.

Figure-1 gives a comparison of monthly POL consumption (MMT) and growth (%) since April 2018.

Figure-1: **Comparison of monthly POL consumption (MMT) and growth (%) since April 2018**



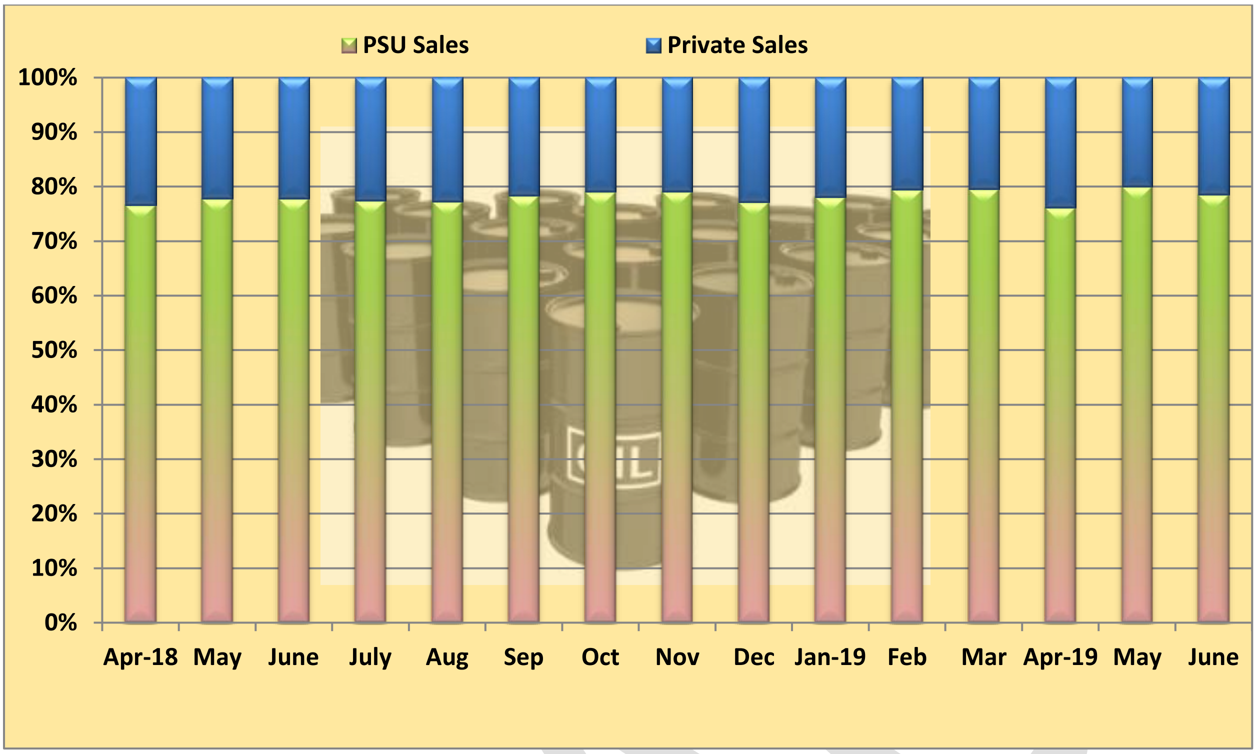
Composite PMI in India decreased to 50.80 in June 2019 from 51.70 in May 2019.

- The Nikkei Manufacturing PMI in India slowed down to 52.1 in June 2019 from 52.7 in the prior month, signaling a positive outlook. June 2019 data indicated slight setback in the Indian manufacturing sector. Rate of expansion softened for production, exports and related factory activity.
- The Nikkei Services PMI in India dropped to 49.6 in June 2019 from 50.2 in the previous month. This points towards contraction in the service activity and weak underlying demand.

Fresh data released by Center for Monitoring Indian Economy (CMIE) has indicated a slowdown in the new projects by private sector for the quarter ending June 2019. The measures announced in the Union Budget 2019 to boost infrastructure and carry out financial sector reforms is expected to spur economic growth, with due implementation in the coming months. Petrol and diesel were the main propellers in consumption of petroleum products in the country during the month of June 2019.

Figure-2 gives a comparison of percentage of monthly sales volumes of all petroleum products by PSU and Private Oil companies since April 2018.

Figure-2: Comparison of monthly POL Sales in PSU & Private Sector (%) since April 2018



PPAC analyzes the sales recorded by the Industry and domestic sales by SEZ units on the basis of available data. Data on direct private imports received from DGCIS, which are added to the final sales reported by oil companies and domestic sales by SEZ units, for estimation of consumption figures, are available up to April 2019 and private imports data for May 2019 and June 2019 are projected based on May 2018 to April 2019 actual data.

Detailed product-wise analysis of growth for June 2019 is given below:

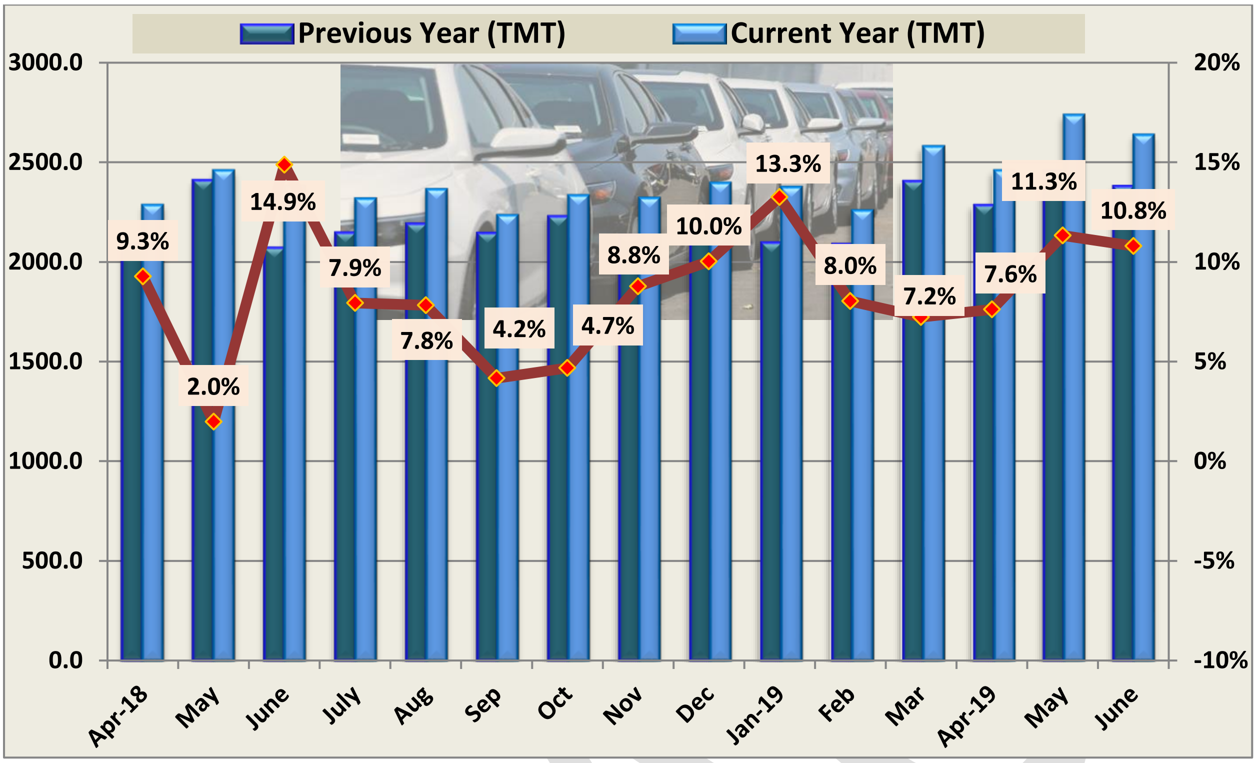
1.2 Petrol / Motor Spirit (MS): MS consumption recorded a positive growth for twenty-two months in a row, registering a growth of 10.8 % in the month of June 2019 with sales of 2.6 MMT as compared to 2.4 MMT in June 2018. The consumption of MS for the period April-June 2019 registered a growth of 10.0% compared to the same period last year. Major factors contributing to growth in MS consumption during the month were:

i. Preference for petrol driven vehicles due to narrow price difference between petrol and diesel.

ii. Improved road connectivity because of many new road projects and widening of roads.

Figure-3 gives month-wise MS consumption volume (TMT) and month-on-month growth (%) since April 2018.

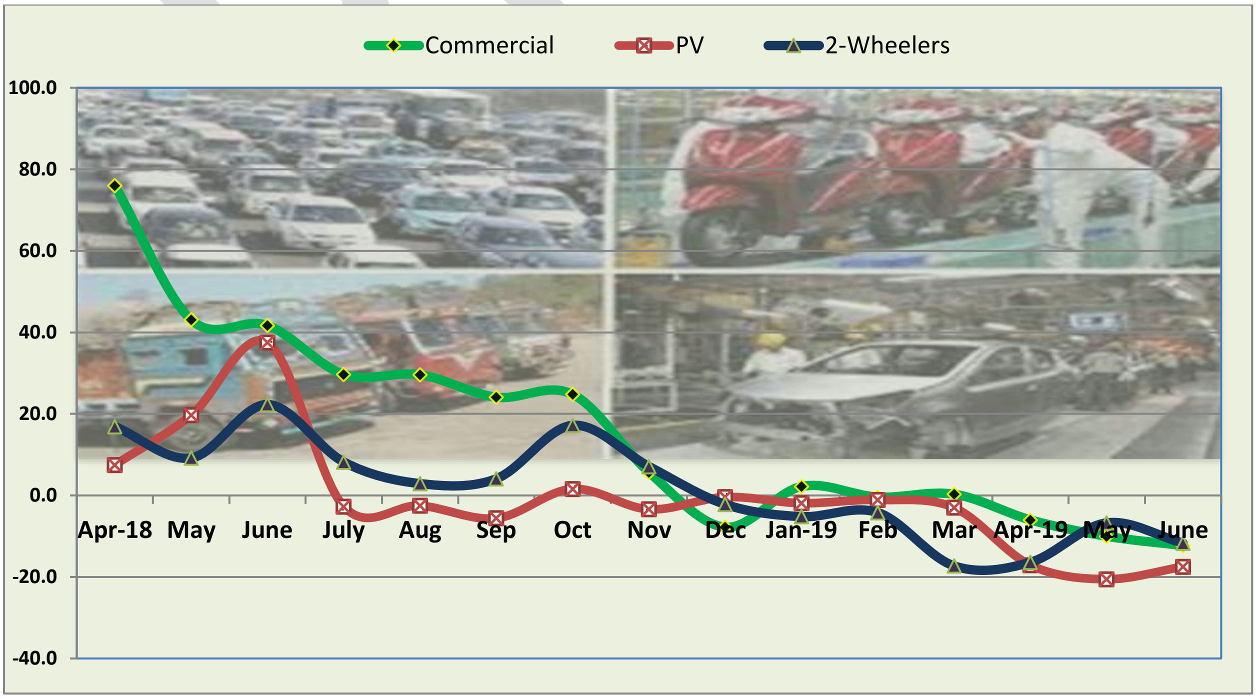
Figure-3: Month wise MS consumption (TMT) and growth (%) since April 2018



Other factors impacting consumption of MS are:

Figure-4 gives a graphic representation of month-wise growth percentages of passenger vehicles, commercial vehicles and 2-wheelers since April 2018.

Figure-4: Month-wise sales growth (%) of Indian Automobile Industry since April 2018



Total passenger vehicles (PV) sales: The passenger vehicle sales growth has been in the negative territory since July 2018 with an exception of one month during October 2018. The primary reason behind the fall in demand for passenger vehicles is delayed monsoon, liquidity crunch, upcoming BS – VI emission norms and uncertainty over shift to electric vehicles. Overall passenger vehicle sales recorded a sharp decline of -17.5% in the month of June 2019 as compared to June 2018. Passenger vehicle sale for the period April - June 2019 has also registered a drop of -18.4% as compared to the same period last year.

Passenger car segment recorded a drop of -24.1% while utility vehicles and vans recorded a drop of -1.0% and -18.7% respectively during June 2019. On cumulative basis, passengers, utility vehicles and vans recorded a drop of -23.3%,-4.5% and -25.7% respectively.

Segment	**June**			**April-June**		
	2018-19	**2019-20**	**Growth (%)**	**2018-19**	**2019-20**	**Growth (%)**
Passenger Cars	183885	139628	-24.1	583547	447453	-23.3
Utility Vehicles	73643	72917	-1.0	234865	224224	-4.5
Vans	16220	13187	-18.7	55078	40943	-25.7
Total PV	**273748**	**225732**	**-17.5**	**873490**	**712620**	**-18.4**

Source: Society of Indian Automobile Manufacturers (SIAM)

a) **2-wheeler sales**: The overall sales for two-wheelers declined for the seventh consecutive month as compared to last year. A huge hike in insurance, weak customer sentiment due to uncertain job environment, delayed monsoon affecting rural economy and liquidity crunch were some of the factors leading to slide in the sales. Improving public transport system like BRTS and Metro in certain cities may have also impacted the 2-wheeler sales. Sales dropped in the month of June 2019 by -11.7% as compared to last year.

In June 2019, scooter sales recorded a drop of -14.8% by selling 512,626 units. Motorcycle segment also recorded a drop of -9.6% by selling 1,084,598 units. Moped sales recorded a drop of -21.8% by selling 52,253 units. On cumulative basis scooter, motorcycle and moped sales recorded a drop of -16.7%, -8.8% and -19.0% respectively.

Segment	June			April-June		
	2018-19	2019-20	Growth %	2018-19	2019-20	Growth %
Scooters/ Scooterettes	601761	512626	-14.8	1818235	1514202	-16.7
Motor Cycles	1199332	1084598	-9.6	3651542	3331782	-8.8
Mopeds	66791	52253	-21.8	207566	168087	-19.0
Total 2 Wheelers	**1867884**	**1649477**	**-11.7**	**5677343**	**5014071**	**-11.7**

Source: Society of Indian Automobile Manufacturers (SIAM)

1.3 High Speed Diesel (HSD): HSD consumption during the month increased by 1.4% and recorded sales of 7.4 MMT in June 2019 as compared to 7.3 MMT in June 2018. HSD consumption for the period April-June 2019 registered a growth of 2.1% over the same period last year.

Factors affecting diesel consumption during the current month can be attributed mainly to the following factors:

i. Preference for petrol driven vehicles due to narrow price difference between petrol and diesel.

ii. Slump and stalling in investment in implementation of projects in private sector.

iii. Slump in sales in automobiles, specially in commercial vehicle sector, leading to a slowdown in ancillary industry also.

iv. Delay in monsoon, leading to delay in sowing of crop.

Figure-5 gives month-wise HSD consumption volume (TMT) and month-on-month growth (%) since April 2018.

Figure-5: Month-wise HSD consumption (TMT) and growth (%) since April 2018

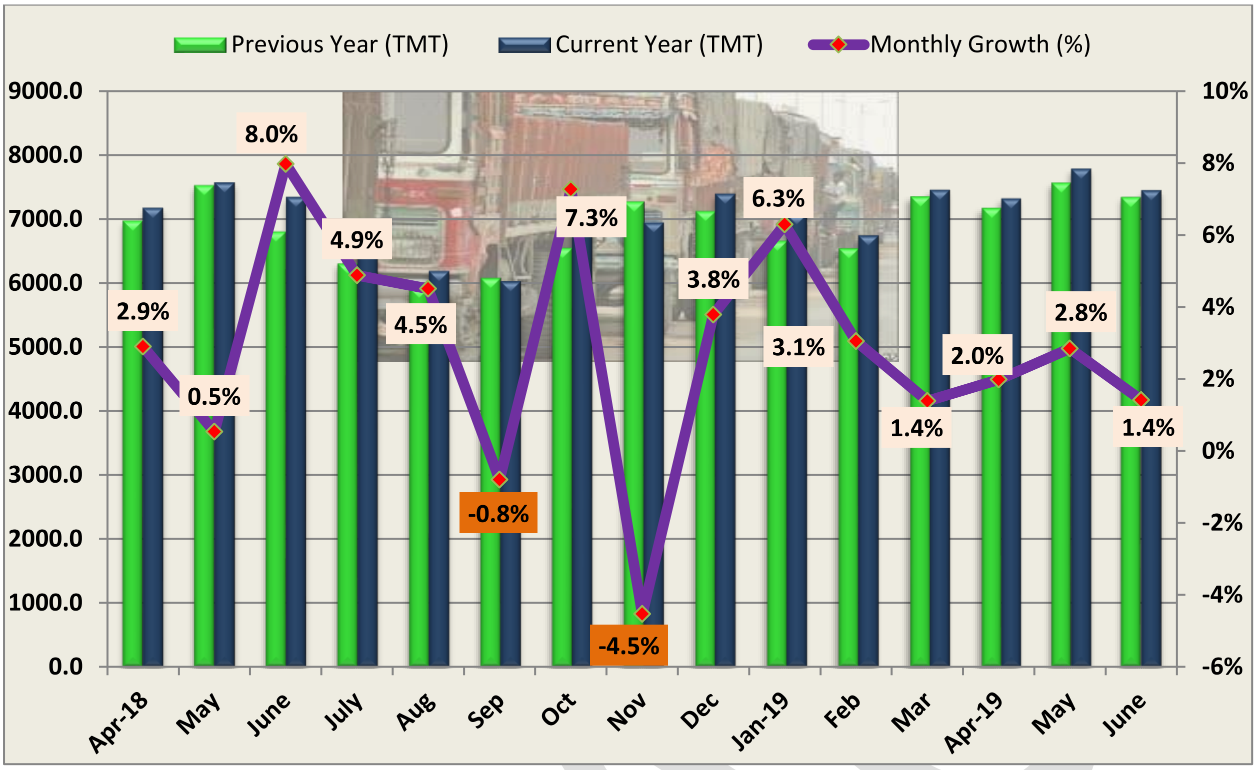
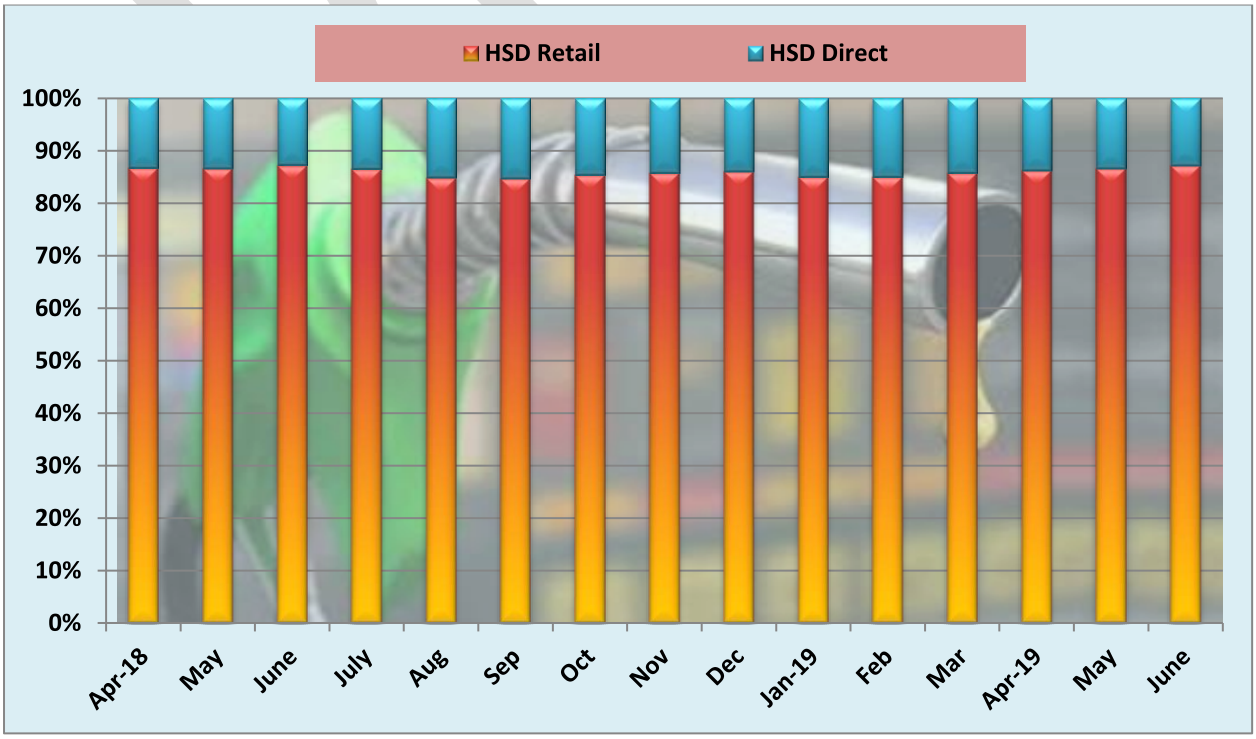


Figure-6 gives a comparison of month-wise percentage of HSD consumption by Retail and Consumer (Direct) business share since April 2018.

Figure-6: **Month-wise HSD consumption by Retail and Direct business share (%) since April 2018**



Other factors affecting diesel consumption are discussed below:

a) **Commercial vehicles (CV) sales**: The commercial vehicle (M&HCV and LCV) segment also recorded a drop of -12.3% in June 2019. Lack of finance, weak rural economy, slowdown in manufacturing and infrastructure activity has contributed to the slide in the sales. Another reason for low sales has been the increase in axle load norms in July 2018 which increased overall cargo capacities across M&HCVs and saw fleet owners reduce their number of purchases. M&HCV witnessed a drop of -16.4% in June 2019 by selling 25,425 units vis-a-vis 30,398 units in June 2018.

b) **Light Commercial Vehicle (LCV)**: The LCV segment also witnessed a drop of -9.8% during the month of June 2019 as compared to the same period last year. LCV sector contributed sales of 45,346 units as against a historical of 50,272 units during the month.

Segment	June			April-June		
	2018-19	2019-20	Growth %	2018-19	2019-20	Growth %
M & HCV	30398	25425	-16.4	89171	74371	-16.6
LCV	50272	45346	-9.8	141065	133927	-5.1
Total C'l Vehicles	**80670**	**70771**	**-12.3**	**230236**	**208298**	**-9.5**

Source: Society of Indian Automobile Manufacturers (SIAM)

c) **Port traffic:** The major ports in India recorded a drop of -0.5% and together handled 57.6 MMT of cargo during June 2019 as against 57.8 MMT handled during the corresponding period of the previous year.Drop was recorded mainly due to dip in cargo handled at ports of Ennore, Chennai, New Mangalore, Mumbai and JNPT.

During the period April-June 2019, growth was registered specifically in POL products (1.12%), other liquids (2.41%), iron ore (15.33%), Coal coking & others (16.88%) and containers (5.01%). A drop was observed in fertilizer finished (-6.85%), fertilizer raw (-26.45%), coal thermal and steam (-4.68%) and other miscellaneous cargo (-10.44%). While iron ore mining activities have increased in Karnataka and Odisha, it has been severely restricted in Goa. Commodity-wise, the percentage share of POL was maximum i.e. (32.0%), followed by container (21.3%), thermal & steam coal (15.3%), other miscellaneous cargo (9.5%), coking & other coal (8.6%), iron ore & pellets (7.3%), other liquids (4.1%), finished fertilizer (1.3%) and raw fertilizer (0.7%).

Table-2 below gives the port-wise performance during the month of June 2019.

Table-2: Traffic handled at major ports in June 2019

Traffic handled at major ports (TMT)			
Ports	**June-18**	**June-19**	**Growth (%)**
Kolkata + Haldia	5116	5542	8.3
PARADIP	9204	9716	5.6
VISAKHAPATNAM	5603	5907	5.4
KAMARAJAR (ENNORE)	2862	2546	-11.0
CHENNAI	4678	3939	-15.8
V.O. CHIDAMBARANAR	2794	2809	0.5
COCHIN	2612	2811	7.6
NEW MANGALORE	4081	2823	-30.8
MORMUGAO	1017	1204	18.4
MUMBAI	4718	4568	-3.2
JNPT	5667	5627	-0.7
DEENDAYAL	9473	10061	6.2
TOTAL:	**57825**	**57553**	**-0.5**

Source: Indian Ports Association (IPA)

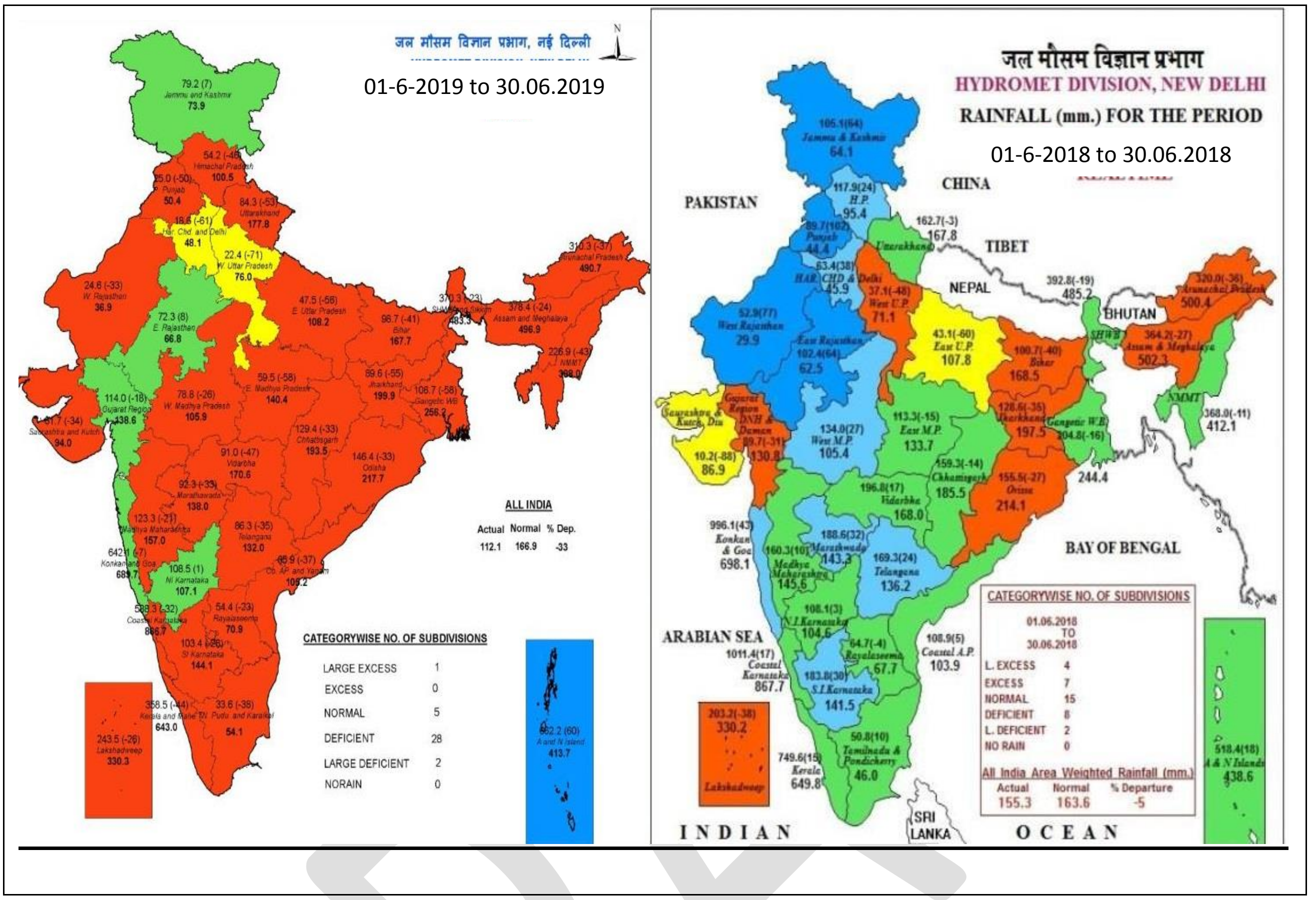
d) **Power situation**: The position of power supply for the month of June 2019 is given in Table-3. As per data reported, the power deficit position has remained unchanged at -0.4% for both June 2019 and June 2018. The deficit was mainly in the states of Jammu & Kashmir and Uttar Pradesh.

Table-3: Power deficit: Region-wise position for June 2019 (% deficit)

States	June-19				June-18
	Requirement (MU)	Available (MU)	Deficit		Deficit
			MU	(%)	(%)
North	40,978	40,586	392	1.0%	0.8%
West	33,248	33,248	0	0.0%	0.3%
South	28,502	28,485	17	0.1%	0.1%
East	13,127	13,127	0	0.0%	0.0%
North-East	1,560	1,500	60	3.8%	2.9%
Total	**117,415**	**116,946**	**469**	**0.4%**	**0.4%**

Source: Central Electricity Authority (CEA)

e) **Seasonal rainfall scenario:** The rainfall in the country during June 2019 was almost 33% below normal precipitation. As against a normal reading of 166.9 mm, 112.1 mm rain was recorded during June 2019. Total 30 out of 36 sub divisions in the country received deficient to nil rainfall during the month as can be seen from the following map. Decreased rainfall may have led to increased usage of diesel for agriculture-related activities and would also cause distress in the rural economy.

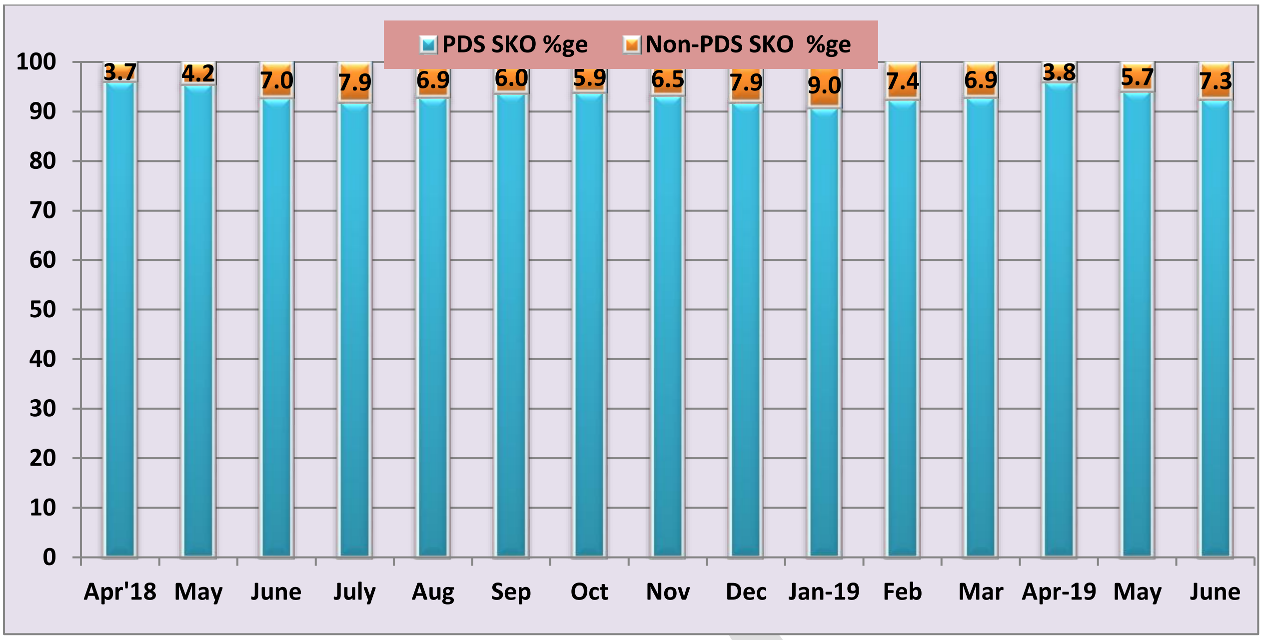


Source: India Meteorological Department (IMD)

1.4 Kerosene: Kerosene consumption registered a drop of -17.2% during June 2019 as compared to June 2018. The cumulative consumption of SKO for the period April-June 2019 has shown a drop of -13.4% as compared to the same period last year. The month of June 2019 saw nil upliftment by Andhra Pradesh, Chandigarh, Delhi, Dadra & Nagar Haveli, Daman & Diu, Haryana, Puducherry and Punjab. Some other States like Gujarat, Rajasthan, Maharashtra and Bihar voluntarily surrendered kerosene quota due to greater LPG penetration and reduced kerosene requirement in the state.

Figure-6 gives a comparison of kerosene sales in public distribution system vis-à-vis Non-PDS system since April 2018.

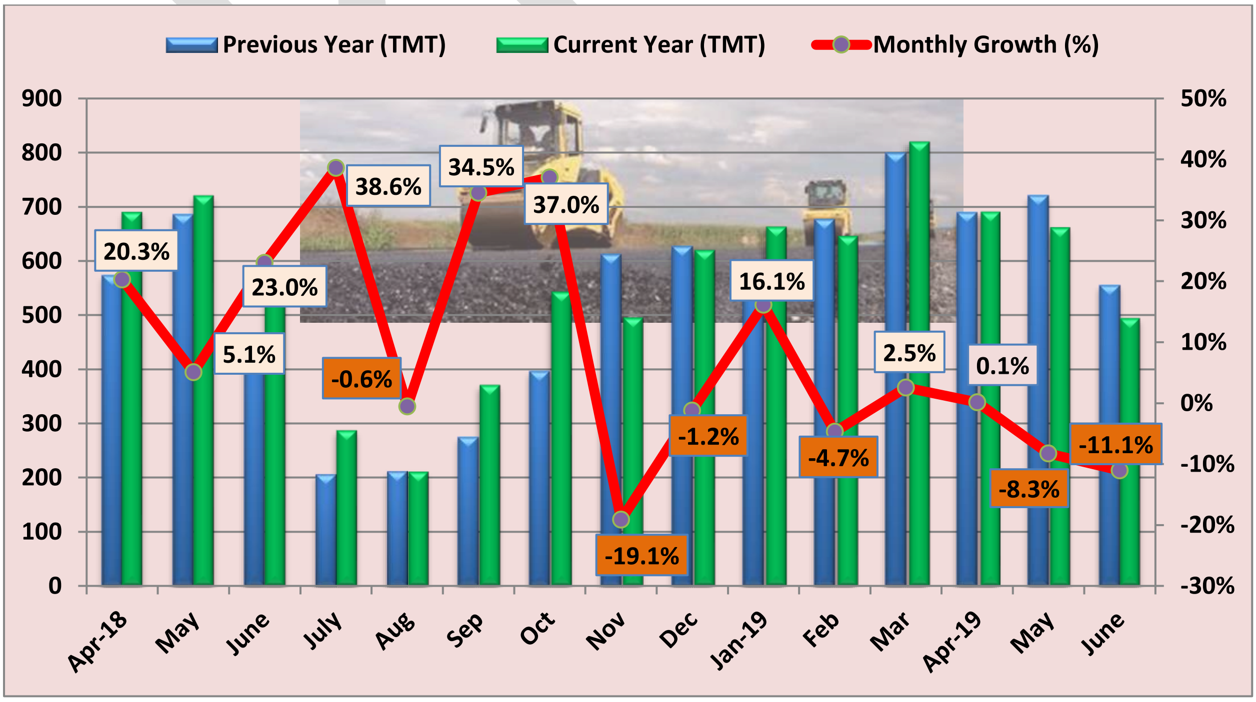
Figure-6: **Month-wise PDS & Non PDS SKO consumption in share (%) since April 2018**



1.5 Bitumen: Bitumen consumption during June 2019 recorded a drop of -11.1% as compared to June 2018. Cumulatively, the consumption of bitumen during the period April-June 2019 has also seen a drop of -6.1% as compared to the same period in the previous year. June 2019 saw lower tendering activity and award of fresh infrastructure projects on account of impending the budget in July 2019, impacting bitumen consumption during the month.

Figure-7 gives the month wise bitumen consumption and growth since April 2018.

Figure-7: Month-wise Bitumen consumption (TMT) and growth (%) since April 2018



1.6 LPG: Total LPG consumption recorded a drop of -7.1% in June 2019 as compared to 2.6% growth in June 2018. Total LPG consumption for the period April-June 2019 has registered a drop of -1.5% as compared to growth of 9.6% in the period of April-June 2018. During June 2019, Northern region had the highest share in total LPG consumption at 30.2% followed by Southern region at 28.8%, Western region at 22%, Eastern region at 16.3% and North Eastern region at 2.7%. All regions had drop in total LPG consumption during June 2019, with Southern Region having the highest drop of -9.5% and Eastern Region having the lowest drop of -3.0%.

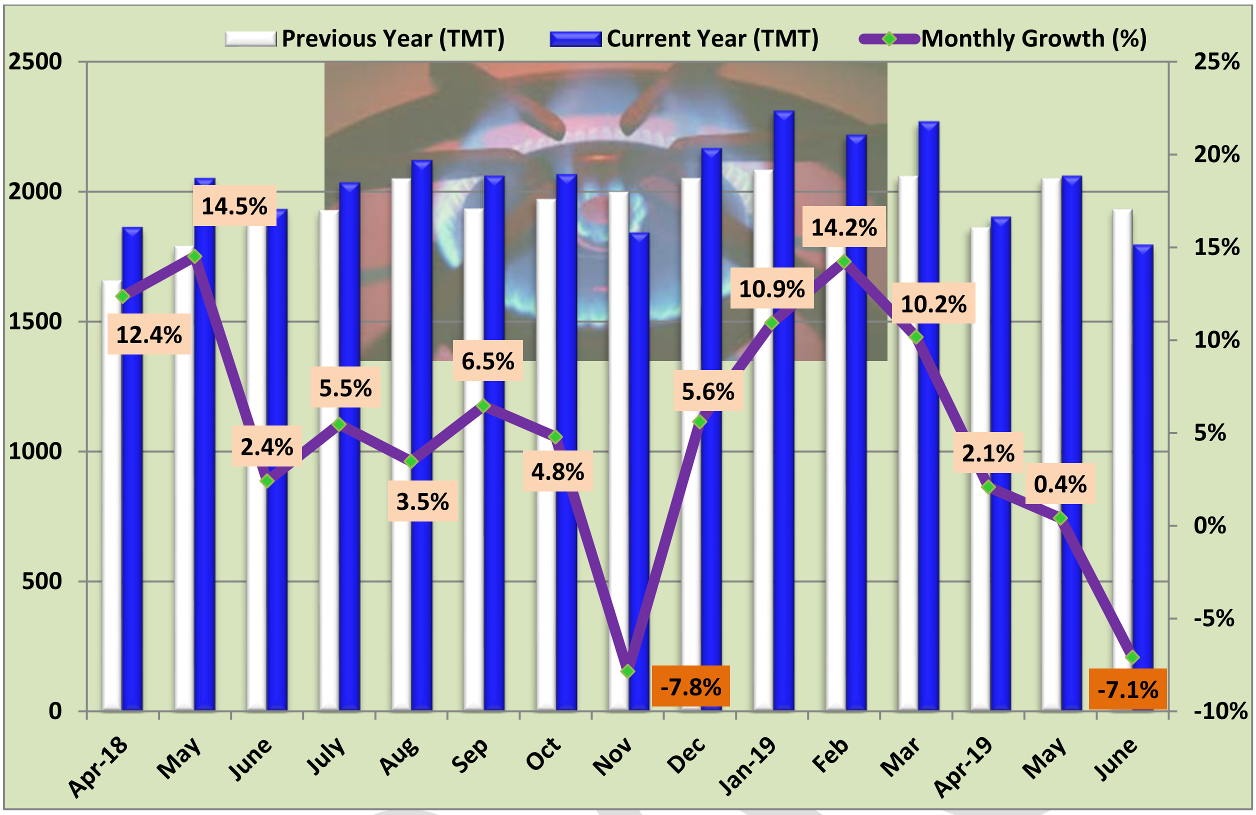
LPG-Packed Domestic consumption recorded a drop of -7% during June 2019 and a cumulative drop of -1.4% during the period April-June 2019. Last year during June 2018, a growth of 2.9% was observed and the cumulative growth during April-June 2018 was 9.6%. This year during the period April-June 2019, 10.4 lakh DBCs and 28.7 lakh new connections were released out of which 10.7 lakh were released under PMUY. A total of 729.7 lakh connections have been released under PMUY till 30.06.2019 since inception. During June 2019, the region-wise share of LPG Packed Domestic consumption was highest in Northern region (31.6%) followed by Southern region (27%), Western region (21%), Eastern region (17.5%) and North-Eastern region (2.9%). During June 2019, the five states with the highest LPG-Packed domestic sales share were Uttar Pradesh (14.2%), Maharashtra (11.2%), Tamil Nadu (8%), West Bengal (7.5%) and Karnataka (6.5%). During June 2019, percentage share of LPG-Packed Domestic was 88.4% of total LPG consumption whereas it was 88.3% in June 2018.

LPG-Packed Non-Domestic consumption recorded a drop of -3.1% in June 2019 and a cumulative growth of 3.3% during the period April-June 2019. Last year during June 2018, a growth of 13.5% was observed and the cumulative growth during April-June 2018 was 20.5%. Share of LPG Packed Non-Domestic in total LPG consumption has increased to 9.9% in June 2019 from 9.4% in June 2018. Region-wise share of LPG Packed Non-Domestic consumption was highest in Southern region (41%) followed by Western region (29.8%), Northern region (20.8%), Eastern region (7.2%) and North-Eastern region (1.3%) during June 2019.

Bulk LPG consumption registered a drop of -41.4% during June 2019 and a cumulative drop of -31.9% during the period April-June 2019. Last year in the month of June 2018, there was a drop of -13.1% while for the period April-June 2018; a growth of 11.9% was witnessed. Percentage share of Bulk LPG in total LPG consumption was 0.9% in June 2019 whereas it was 1.5% in June 2018.

Auto LPG consumption registered a drop of -13.6% in June 2019 and a cumulative drop of -8.4% during the period April-June 2019. The sales volume decrease was about 2.1 TMT in June 2019 as against June 2018. However, last year in the month of June 2018 a growth of 4% was observed while there was a cumulative growth of 1.4% during April-June 2018. During June 2019, the percentage share of Auto LPG was 0.8% of total LPG consumption and it was at the same level as that of June 2018.

Figure-8: Month-wise LPG consumption (TMT) and growth (%) since April 2018



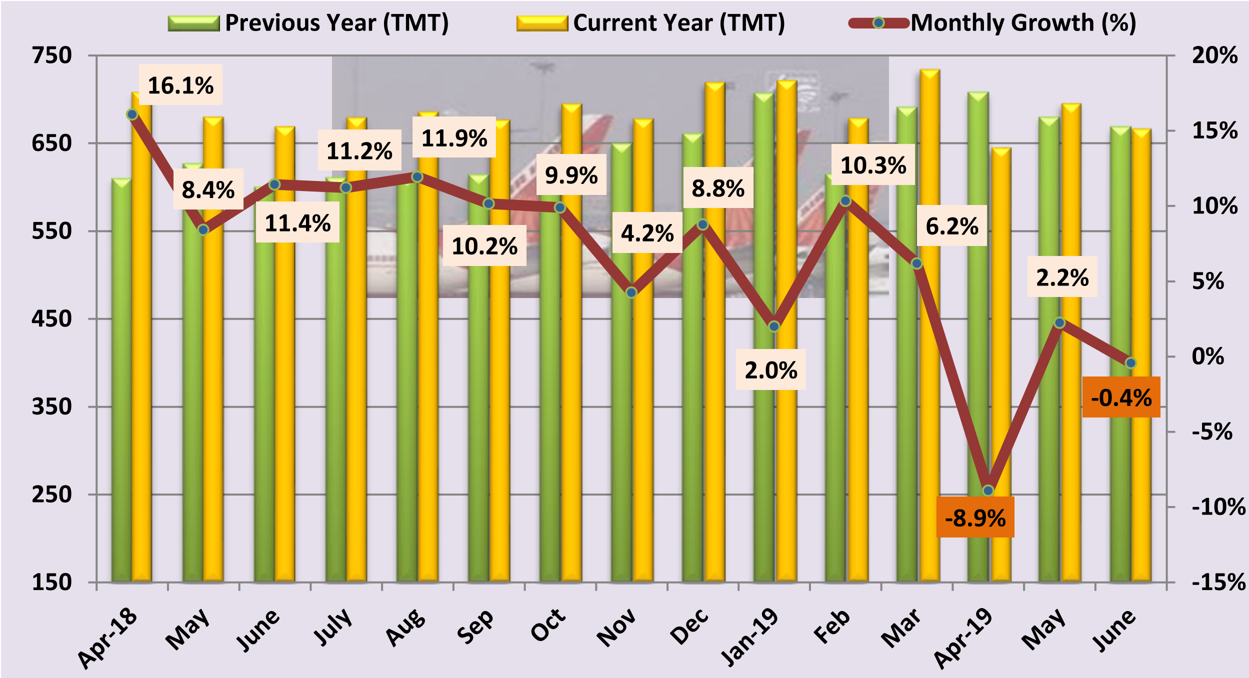
1.7 Naphtha: Naphtha consumption recorded a drop of -0.7% in June 2019 as compared to June 2018. Cumulatively, the consumption of naphtha during the period April-June 2019 has seen a drop of -18.6% as compared to the same period in the previous year. Petrochemical industries remain the main consumers of naphtha in addition to minor consumers like fertilizer and power plants. Fluctuation in demand by the petrochemical industry (particularly for polymers and plastics) largely drives the pattern of naphtha consumption.

1.8 ATF: ATF consumption has again gone into negative territory with a minor drop of -0.4% in the month of June 2019 after a positive growth of 2.2% in the month of May 2019. Cumulative growth for the period April-June 2019 has seen a drop of -2.5% as compared to the same period in the previous year.

Passengers carried by domestic airlines during June 2019 stood at 120.25 lakhs as against 113.25 lakhs during June 2018 thereby registering a growth of 6.19% mainly due to the ongoing holiday season. On a cumulative basis the total number of domestic passengers carried by airlines stood at 352.27 lakhs during April- June 2019 as against 346.94 lakhs during the same period last year, thereby recording a growth of 1.54%. Grounding of Boeing 737 Max planes and cancellation of flights by Jet Airways and sharp rise of fares due to drop in capacity have adversely affected the air traffic.

Figure-9 gives the month-wise ATF consumption and growth since April 2018.

Figure-9: Month-wise ATF consumption (TMT) and growth (%) since April 2018



1.9 FO/LSHS: FO/LSHS consumption registered a drop of -8.9% during June 2019 as compared to June 2018. On a cumulative basis a drop of -6.2% was recorded in the consumption for the period April-June 2019 as compared to the same period last year. Decreased consumption of FO in the power, fertilizer and steel sector led to the downward slide in volume. The drop in consumption of FO has been mainly due to ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana. Consumption of LSHS has also reduced due to shift to natural gas by major customers like the fertilizer industry.

1.10 PETCOKE: Petcoke consumption registered a drop of -21.7% in June 2019 as compared to June 2018. The cumulative consumption of petcoke during the period April-June 2019 has also seen a drop of -11.4% as compared to the same period in the previous year. The consumption of petcoke by the cement industry is on the rise after the Supreme Court order of April 2018 allowed its use as a feedstock. Directorate General of Foreign Trade (DGFT) under Ministry of Commerce and Industry has banned import of petcoke for use as fuel but has allowed its import only for use as feedstock in some select industries such as cement, lime kiln, calcium carbide and gasification industries.

1.11 LDO: LDO consumption recorded a growth of 21.3% during June 2019 as compared to June 2018. The consumption of LDO during the period April-June 2019 has seen a growth of 3.1% as compared to the same period in the previous year. LDO is extensively used in various types of furnaces. LDO month wise demand fluctuates depending on its requirement at power plants for boiler restart as it trips and due to fluctuation in manufacturing activities. The ban of FO in Delhi, Uttar Pradesh, Rajasthan and Haryana has led to an increase in LDO consumption.

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Industry Consumption Trend Analysis 2019-20 (Provisional)

('000 MT)

Product	June			April-June		
	2018-19	2019-20	Growth (%)	2018-19	2019-20	Growth (%)
(A) Sensitive Products						
SKO	314.2	260.0	**-17.2**	903.9	782.5	**-13.4**
LPG	1930.7	1793.7	**-7.1**	5842.7	5752.5	**-1.5**
Sub Total	**2244.9**	**2053.7**	**-8.5**	**6746.6**	**6535.0**	**-3.1**
(B) Major Decontrolled Products						
Naphtha	1040.9	1033.3	**-0.7**	3264.2	2657.9	**-18.6**
MS	2378.7	2635.7	**10.8**	7119.0	7828.4	**10.0**
HSD	7341.9	7445.5	**1.4**	22081.3	22542.5	**2.1**
Lubes & Greases	380.4	311.9	**-18.0**	937.8	877.0	**-6.5**
LDO	44.1	53.5	**21.3**	143.4	147.9	**3.1**
FO/LSHS	549.6	500.9	**-8.9**	1594.2	1495.3	**-6.2**
Bitumen	555.1	493.7	**-11.1**	1965.4	1845.4	**-6.1**
ATF	669.2	666.4	**-0.4**	2057.2	2006.6	**-2.5**
Sub Total	**12959.8**	**13140.9**	**1.4**	**39162.5**	**39400.9**	**0.6**
Sub - Total (A) + (B)	**15204.8**	**15194.6**	**-0.1**	**45909.1**	**45935.8**	**0.1**
(C) Minor Decontrolled Products						
Pet.Coke	1895.4	1484.8	**-21.7**	5921.9	5247.6	**-11.4**
Others	880.9	998.5	**13.3**	2534.8	3062.1	**20.8**
Sub Total	**2776.3**	**2483.3**	**-10.6**	**8456.7**	**8309.7**	**-1.7**
Total	**17981**	**17678**	**-1.7**	**54366**	**54245**	**-0.2**